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FISCAL IMPACT STATEMENT

LS 7654

BILL NUMBER: HB 1683

NOTE PREPARED: Jan 16, 2007

BILL AMENDED:

SUBJECT: Payments in lieu of taxes.

FIRST AUTHOR: Rep. Candelaria Reardon

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides that for taxable years beginning after December 31, 2006, payments in lieu of taxes (PILOTS) collected by a political subdivision for property used to provide low income housing may be deposited in the political subdivision's: (1) affordable housing fund; or (2) general fund; at the discretion of the governing body of the political subdivision.

Effective Date: January 1, 2007 (retroactive).

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under current law, the governing body of a political subdivision may adopt an ordinance to require a owner of real property to pay PILOTS if improvements on the property were constructed, rehabilitated, or acquired after December 31, 2001, to provide housing to income eligible persons under the Federal Low Income Housing Tax Credit Program. The payments would be equal to the taxes that would have been levied on the property if it were not exempt, and are to be deposited in the political subdivision's Affordable Housing Fund and used for any purpose for which fund may be used such as:

1. Provide financial assistance to lower income families to purchase or lease housing;
2. Provide loans and grants to lower income families to develop, rehabilitate, or finance affordable

- housing;
3. Providing technical assistance to nonprofit developers of affordable housing.

At least 50% of the funds must be used to serve very low income households.

In addition to PILOT payments, the Affordable Housing Fund receives gifts and grants, investment income earned on the fund's assets, and other revenues from sources approved by the fund's governing body. The county treasurer shall invest any money not needed for operational expenses.

This proposal gives the governing body of a political subdivision the discretion of depositing PILOT payments into either its General Fund or its Affordable Housing Fund. The other payments that go into the Affordable Housing Fund are not affected. The fiscal impact is indeterminable and would depend on local action. Total local revenues would not be affected.

This proposal does not apply in Marion County.

State Agencies Affected:

Local Agencies Affected: Local political subdivisions.

Information Sources:

Fiscal Analyst: David Lusan, 317-232-9592.